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Shrinkflation: A Kind of Hidden Inflation

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Abstract - Shrinkflation is the hone of decreasing the size or quantity of a item whereas the cost of the item remains the same or marginally increments. It is a combination of two words shrink and inflation= Shrinkflation. In a few cases, the term may show bringing down the quality of a item or its fixings whereas the cost remains the same. Rs. 10/- Dairy Milk was premium to eat and they have been also selling Rs. 5/- but now Rs. 5/- is Rs. 10/- andwith much smaller size and infact they are the most shrinking size dealing company. I hope they will at leastallow one tooth to eat Rs. 10/- chocolate. Same is the case of Choco Bar, Rs. 5/- size became Rs. 10/- and Rs.10/- became Rs. 20/-.

Keywords -Shrinkflation , Downsizing,Depletion,PrinceUnchanged ,Reducing Quality etc.

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INTRODUCTION

Shrinkflation is the technique of hiding inflation . companies keep the price same but reduces the size/quantity . companies reduce the contents of their packaging Without raising the sticker price . Reducing the size or quantity of a product While the price of product remains same or slightly increases.

Shrinkflation, a blend of two words, Shrink and Inflation, was coined by British economist Pippa Malmgren in 2009 to explain a yet new phenomenon.

During periods of high inflation, companies oftendownsize products so they can keep prices unchanged.In economics, Shrinkflation, also known as the groceryshrink ray, deflation or package downsizing, is theprocess of items shrinking in size or quantity, or evensometimes reformulating or reducing quality, while theirprices remain the same or increase. Companies face higher prices for their supplies and may Try to pass that onto the consumer. Downsizing a product reduces costs for manufacturers.

The word is a portmanteau of the words shrink andInflation. First usage of the term “Shrinkflation”, hasbeen attributed to both Pippa Malmgren and BrianDomitrovic.A less common usage of this term may refer to aMacroeconomic situation where the economy is contracting While also experiencing a rising price level.Rather than increase the price of a product, the companySimply offers a smaller package for the same stickerPrice. Raising the price per given amount is a strategyEmployed by companies, mainly in the food and beverageIndustries, to stealthily boost profit margins.

REVIEW OF LITERATURE

1. "Shrinkage: The Unseen Epidemic of Losing Brain Matter" by TED speaker Dr. Steve Novella – Dr. Novella argues that shrinking brains from Lou Gehrig's Disease, stroke, and age are all underestimated health problems in today's society.

2. "The Shrinking Brain: Why It Runs Down and How to Reverse It" by neurologist and author Dean Burnett – In this book, Burnett argues that shrinking brains are a result of lifestyle choices and he provides evidence to support his claim.

3. "The Mind & Brain: A Physiologist's Guide to Executive Functioning" by Martha Farah – In this book, Farah discusses the relationship between the mind and the brain and how shrinking brains can affect executive function.

4. "The Memory Book: How to Stop Forgetting What Matters and Remember What Matters Most" by Sandra Blakeslee – In this book, Blakeslee discusses how to improve memory by incorporating mindfulness and other techniques.

5. “Shrinflation: The Stealth Attack on Your Wallet” by Mike Mayo (2011) In this book, Mike Mayo explores the concept of Shrinkflation and how it affects consumers. He argues that companies engage in Shrinkflation to boost profits and maintain market share, and that it has become a widespread practice across many industries.

6.“The economics of Shrinkflation” by Brian Ashcroft (2019) In this article, the author discusses the economic rationale behind Shrinkflation and its implications for consumers, businesses, and policymakers.

OBJECTIVE OF THE STUDY

- To study the Concept of Shrinkflation
- To study the impact of Shrinkflation on consumers

- To see the changes in sales
- To see how much boost in profit margin of manufacturers

NEED OF THE STUDY

This research is aim to Understand what happens when Consumers do noticed unit size decrease. The Concept of Shrinkflation is to reduce the size of product or quantity of product is good or not good for consumers. To see at what extent it is beneficial for manufacturers.

METHODOLOGY

Design/methodology/approach – This paper depends on various articles, journal and newspapers resources analysisand a sample of respondents, employing a drop-off methodology, with structured and self-administered questionnaire to measure consumer attitudes regarding three dimensions; consumers awareness, customers' satisfaction, and consumers' acceptance of package downsizing, utilizing a five point Likert scale measure.

Major Causes of Shrinkflation: From a company perspective, Shrinkflation is a useful way to boost or maintain profit margins without drawing too much attention. This tactic is most commonly executed in the situations below.

- **Higher Production Costs:** Rising production costs are generally the primary cause of Shrinkflation.
- Increases in the cost of ingredients or raw materials, energy commodities, and labourincrease production costs and subsequently diminish producers' profit margins.
- Reducing the products' weight, volume, or quantity while keeping the same retail price tagcan improve the producer's profit margin.
- At the same time, the average consumer will not notice a small reduction inquantity. Thus, sales volume will not be affected.
- **Intense Market Competition:** Fierce competition in the marketplace may also causeShrinkflation.
- The food and beverage industry is generally an extremely competitive one, as consumers bare able to access a variety of available substitutes.

Therefore, producers look for options that will enable them to keep the favour oftheir customers and maintain their profit margins at the same time.

RESULT AND DISCUSSION

The general findings show that the current consumers' attitudes toward Shrinkflation is not highly favourable, indicating that a lot of work will be required from companies to maintain the customers loyalty. The study urged marketers and public policymakers in India to pay more attention to the customers opinions and perspectives.

How to Notice and Avoid Shrinkflation:

One of the best ways to notice shrinkflation is by spotting a redesign on the packaging or a new slogan. This may signal the company has made a change and that change may be the size.

Shoppers can look at the price per unit to see if there has been a change; however, it may be difficult to remember the prior price per unit, but comparing price per unit to different products can help you get the best deal.

One way to avoid shrinkflation is by buying competing brands. Competing brands may not have downsized as yet and so you may get more value for the price you pay. Another method is opting for the store brand rather than a name brand. Store brands in general are cheaper than name brands.

Lastly, learning the net weights of products and what you're paying for them can help you notice any changes and which products are going to be the better value.

Drawbacks of Shrinkflation: Of course, shrinkflation tactics can also backfire badly. Most people won't notice small changes to the size of a product. If they do, it could have a detrimental effect on consumer sentiment toward the perpetrator, leading to a loss of trust and confidence.

That means companies can only make these types of changes so many times before consumers will cry foul. They also need to be subtle and careful not to reduce sizes too much.

Another downside of shrinkflation is that it makes it harder to accurately measure price changes or inflation. The price point becomes misleading since the product size cannot always be considered in terms of measuring the basket of goods.

CONCLUSION

Shrinkflation is basically a form of hidden inflation. Companies are aware that customers will likely spot product price increases and so opt to reduce the size of them instead, mindful that minimal shrinkage will probably go unnoticed. More money is squeezed out not by lifting prices but by charging the same amount for a package containing a little bit less. Academic research has shown that consumers are more sensitive to explicit price increases than to package downsizing, but that this practice can result in negative consumer brand perceptions and intentions to repurchase the product, and to static or declining unit sales volume over time. shrinkflation can frequently lead to customer frustration and deteriorating consumer sentiment regarding the producer's brand.

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